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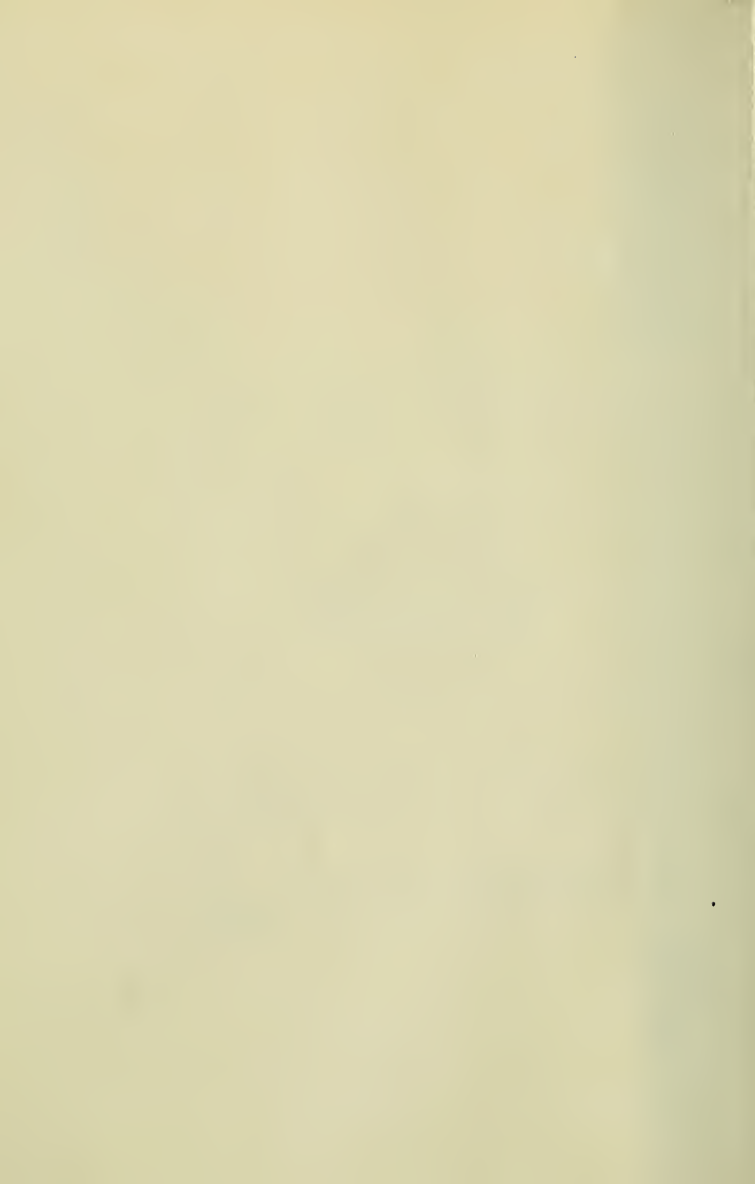
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SAN FRANCISCO'S HOUSING MARKET -OPEN OR CLOSED?

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"Housing seems to be the one commodity in the American market that is not freely available on equal terms to everyone who can afford to pay. It would be an affront to human dignity for any one group of Americans to be restricted to wearing only hand-me-down clothing or to eating the leftovers of others' food. Like food and clothing, housing is an essential of life, yet many non white American families have no choice but second-hand homes. The results can be seen in high rates of disease, fire, juvenile delinquency, crime and social demoralization among those forced to live in such conditions. A nation dedicated to respect for the human dignity of every individual should not permit such conditions to continue."

—from the findings and recommendations of
The Report of the United States Commission on Civil Rights,
With Liberty and Justice For All (1959, p. 534)



SAN FRANCISCO'S HOUSING MARKET —OPEN OR CLOSED?

CIVIL RIGHTS INVENTORY OF SAN FRANCISCO

PART II — HOUSING A report written by **TREVOR THOMAS**, based upon a survey coordinated by **IRVING BABOW, Ph.D.**, for the Council for Civic Unity of San Francisco, made possible by a grant from the Columbia Foundation of San Francisco.

Advisory Committee: **LUIGI LAURENTI, Ph.D.**, Chairman; **EDWARD HOWDEN**; **CLARENCE R. JOHNSON**; **HAROLD J. KAUFMAN**; **ROBERT PITTS**; **FRANK QUINN**

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INTRODUCTION

The metropolitan regions of the United States have grown tremendously during the past few decades. A disturbing trend in this development is that the central cities have gained disproportionate numbers of nonwhite residents while the surrounding suburbs have become virtually all white.

The consequences of this racial schism are far-reaching in many ways. Social, health, welfare, economic, and political problems have resulted. Misunderstandings and tensions between racial groups have sprung up. New slums have festered, bringing misery to individual lives and causing increased welfare and other service costs while lowering tax returns. Vitally needed urban renewal programs have been hampered. Racial minorities have found that they have free access only to the older housing in the city. Caucasians, on the other hand, readily purchase new suburban housing made possible, in large degree, through government programs financed by the tax money of all people. Limited housing for minorities is partly due to limited income. But much more of it is the result of a "closed door" policy in the housing market which prevents nonwhite families from improving their housing even when they have the means to do so.

The patterns of residential segregation caused by restrictions in housing obstruct full integration in schools, playgrounds, recreation centers and other neighborhood facilities. The very segregation which we decry in the south exists in our own northern cities.

Governor Edmund G. Brown recognized the urgency of this development when he directed his new Commission on Metropolitan Problems to address itself first to the question, "How can we best deal with *de facto* segregation in housing?"

The Council for Civic Unity of San Francisco has worked for fifteen years to bring about equal opportunity for all individuals irrespective of race, creed, or national origin. Equal opportunity means that every man may enjoy the human rights which are guaranteed under our Constitution. With the help of a grant from the Columbia Foundation, CCU has conducted a Civil Rights Inventory

of the opportunities available to nonwhites in San Francisco in the fields of employment, housing, hospitals, and service in public places.

This report is concerned with the San Francisco housing market — are nonwhites afforded the same opportunities as are Caucasians? Our major method and source of information was interviews with key persons in the housing industry — real estate brokers, lenders, builders — and with government officials. We were primarily interested in the actual practices of these people rather than the attitudes which they professed.

Our city has the reputation of being tolerant and cosmopolitan. We wanted to test this reputation against the facts. The results of our test — as presented in this report — are dedicated to the people of San Francisco. We have full confidence that when they face the facts they will act positively to close the gap between the city's reputation and its practices.

Daniel E. Koshland, chairman

Mrs. H. Robert Braden

Frederic Cromwell

Mrs. Myer Kahn

Seaton Manning

Dr. Hilda Taba

Thomas P. White

Many people of different origins live in our cosmopolitan city of San Francisco but many people can't live where they want to in San Francisco . . . An attractive Negro secretary to a partner in a large San Francisco advertising firm finds an apartment has "just now been rented" between her telephone call to the landlord and her appearance at the apartment house. An army officer whose Japanese wife was on her way to San Francisco put a deposit on a new home in a subdivision, only to be told later "Your wife isn't a Jap, is she? If she is, the deal is off." A white lady with a house for sale was told by a real estate agent that she must be "psychotic" for even thinking of selling to a nonwhite family in her neighborhood. A Chinese-American mechanic was "voted out," 174 to 28, after he agreed to abide by the majority decision following white owners' objection to his family in their neighborhood. A doctor and his wife were willing to pay the asking price for 14 different San Francisco homes, but were refused in each instance because they are Negroes. This kind of discrimination is claimed to be "protecting my property," or "keeping faith with my neighbors," or "the only way I can do business." As we shall see, the facts have little relation to attitudes still held by the white majority. Further, the dimensions, causes, and effects of discrimination in housing in "The City That Knows How" are little known or understood.

"Many people fear the consequences — both economic and social — of selling or renting to minority home buyers. Many of these fears are based on rumors and misconceptions, yet they have immense repercussions on the housing market. For this reason, it is important to get the facts and to publicize them." Dr. Luigi Laurenti, formerly Economic Analyst for the Commission on Race and Housing.

The Search for Shelter

Equal opportunity in the search for shelter does not exist in San Francisco. A white family with sufficient financial resources can rent or buy a home wherever it chooses. A nonwhite family, regardless of income, does not have free access to this city's housing.

Nonwhites face a wall of resistance from real estate brokers, builders, lending institutions and individual sellers. The experiences of minority group families while trying to buy or rent housing provide much evidence that many San Franciscans accept segregated living as a normal and natural arrangement.

After two years of futile attempts to buy a home in San Francisco—in areas where *they* wanted to live—a Negro doctor and his wife described the effects of continued rejection: they became bitter and disappointed, for they had wanted what everyone does—a decent neighborhood with a good school for their children. The wife said the constant rejection, and the reactions from some of the people she had met, made her feel "like a leper and a criminal." Her husband felt it useless to look further: "It's like knocking your head against a wall." Their experiences convinced them that a Negro family, whatever its professional standing or educational or economic level, cannot buy a home in San Francisco on the same basis as a white family.

The same humiliation and disappointment were felt by a Negro woman college instructor after several months' search. She contrasted this frustrating house-hunting with her teaching experience in San Francisco, where she is treated as an individual, not a stereotyped category. "In looking for a house," she said, "I came up against a reality where values are different—dollars versus human beings. People have certain fixed expectations about the kind of home and neighborhoods Negro families live in and 'ought' to live in, regardless of the individual preferences, values, and means of such families."

Why Whites Segregate

The white homeowner, considered to be the most stable element in the community, helps create and perpetuate segregated housing in San Francisco. Professional real estate brokers, builders, and lenders often defend segregation practices by saying they are only reflecting the wishes of property owners. Many individual property owners do say they don't want nonwhites as neighbors. Others refuse to sell to a nonwhite family, not because of personal feelings, but out of consideration for the neighbors—or because they fear house prices in the area will drop. A white owner seldom wants to be the first to challenge these notions. If enough owners in a neighborhood think this way they can create social pressure to support racial segregation and oppose integration. Such pressure is felt in San Francisco by local real estate agents, by families in the process of selling their homes, by homebuilders, by mortgage institutions, and by local public officials. It is subtle, yet very real and very strong.

When a white San Franciscan says, "I won't go against my neighbors and sell them out," he may be expressing the uneasy social status of an American "on his way up." A racially-mixed neighborhood is considered a threat, while an "exclusive" address is a generally-recognized badge of prestige. Some Caucasians fear that intermarriage will follow neighborhood integration. Others blame an increased crime rate and lowering of property standards on nonwhite residents.

Living in Mixed Neighborhoods

Nonwhites have moved into many San Francisco areas that were formerly all-white. They live there now. What has been happening in these integrated neighborhoods? To find out, Dr. Davis McEntire directed interviews held with 549 white residents living in 35 Bay Area neighborhoods having from one to five nonwhite families.⁽¹⁾ Neighborhoods were selected to represent a range of economic levels, other than slum and heavily-industrialized districts; 16 were in San Francisco.

Among those who were living in their present neighborhood *before* the nonwhites moved in, more than 70 percent described themselves as having favorable or neutral attitudes toward the newcomers. Some 30 percent said they were unhappy with the new arrivals, but most

(1) Davis McEntire, "A Study of Racial Attitudes in Neighborhoods Infiltrated by Non-Whites," *Bay Area Real Estate Report*, Second Quarter 1955, published by Bay Area Council, San Francisco.

of these added that, nevertheless, they weren't planning to move. Of the white families questioned, 150 had moved into their present neighborhoods *after* at least one nonwhite family was already living there.

Most whites said they hadn't changed their attitudes toward Negroes and Orientals after living in a mixed neighborhood. But the reactions of the 16 percent who admitted change were almost *entirely favorable*—only one percent said they liked the nonwhites less now than before. This example of growing acceptance based on actual experience was found to be true in similar studies in New York City and other communities.

In general, Dr. McEntire concludes that the findings of the study appear to indicate that most white residents in these 35 Bay Area neighborhoods have witnessed the coming of minority families with calm. Some may not have looked upon the prospect of nonwhite neighbors with favor, but show little sign of disturbance. It appears that most whites attach no particular importance to the presence of a few minority families in their neighborhood.

In 1956 and 1957, Dr. McEntire supervised a follow-up study of the same areas. He found no consistent neighborhood residence pattern. Changes ranged from no increase to substantial increases in minority families. Evidently, there was little panic and flight by white residents. The social and economic characteristics of all the neighborhoods studied remained about the same since the earlier 1952 study.

After reviewing the findings of the follow-up study, the research group concluded that in these Bay Area neighborhoods:

1. Change in racial composition was very slow.
2. Change from an all-white to an *integrated* neighborhood did not result in run-down houses or increased social problems.
3. Most whites were not disturbed by integration.
4. Some real estate brokers were more anxious about nonwhite move-ins than were white residents.
5. There was no instance of open conflict or violence between whites and nonwhites.

The McEntire studies substitute realistic analysis for myth and hearsay concerning changes when nonwhite families move into a neighborhood.

What About Property Values?

The term "property value" usually means the price a seller can get for his house in the real estate market. Often this price is directly affected by what most of the owners in a neighborhood *think* is going to happen. If they don't become alarmed by the move-in of a non-white family, it is very improbable that anything at all will happen to prices. But if they're afraid, so that many of them put their homes up for sale, they may themselves cause a fall in property values. It is *their reaction*, not the presence of the new family, that may actually make prices drop, temporarily, by flooding the housing market in their neighborhood.

Firsthand experience gives whites a different opinion about the widespread belief that minority families cause property values to drop. The McEntire study, referred to above, did not attempt to measure actual price changes in integrated neighborhoods, but merely asked the homeowner what he *thought* had happened to property values since the nonwhite neighbors had arrived. The replies were:

"No change in property values"	55.0 percent;
"Property values have increased"	19.0 percent;
"Property values have dropped"	12.5 percent;
"Don't know"	13.5 percent.

Other detailed and scientifically controlled research has provided San Franciscans with more facts about race and housing values.⁽¹⁾ To determine what happens to home prices when nonwhites move into a previously all-white neighborhood, Dr. Luigi Laurenti gathered statistics on sales in nine varied San Francisco areas. Nine comparable all-white areas were selected as a basis for comparison. These were in the same price bracket but remained all-white during the period studied. Laurenti's major conclusion was that entry of non-white families into a white neighborhood usually didn't harm prices at all. In fact, when these neighborhoods were compared with similar all-white areas, they showed higher or equal prices in four out of five comparisons. These findings from his original studies of price behavior in San Francisco were confirmed and strengthened by his later studies in Oakland and Philadelphia and by a review of competent research conducted by others in four major cities.

(1) Studies by Luigi Laurenti, begun in 1951 as part of the Real Estate Research Project, Bureau of Business and Economic Research, University of California, and later expanded under the auspices of the Commission on Race and Housing, appear in: Luigi Laurenti, *Property Values and Race* (Berkeley: University of California Press, 1960).

In San Francisco Laurenti found that most brokers and lenders interviewed were of the *opinion* that the presence of nonwhites depresses home prices. And quite a few white homeowners, both in and out of San Francisco areas undergoing racial change, also *believed* the value of their property had been or would be lowered. Significantly, not one person contacted could offer any evidence that property loss actually had resulted from the nonwhites entering a neighborhood.

Similar studies by other researchers in Los Angeles, Chicago, Detroit, Kansas City, Portland and Philadelphia also produce no evidence to support the oft-repeated claim that values must drop. On the contrary, like the Laurenti study, they show that market prices of homes frequently increase or hold steady, rarely decline. Even if a few homeowners become frightened and try for a quick sale in a changing neighborhood, it appears that the prices later tend to stabilize because of the strong demand for housing, primarily on the part of nonwhites.

These findings deserve the careful attention of everyone in San Francisco connected with the housing industry, particularly the individual with a house for sale. The fictions concerning race and house prices cannot continue to stand in face of the facts uncovered by this research.

II THE REAL ESTATE BROKERS

"We question any statement that the opportunity to acquire housing on a non-discriminatory basis does not now exist through normal channels." *Letter, March 31, 1959 from Daniel W. Klein, Executive Vice President, San Francisco Real Estate Board.*

The Broker Outlook

Trained interviewers of the San Francisco Council for Civic Unity interviewed 64 white real estate brokers. All were members of the San Francisco Real Estate Board, entitling them to be called "Realtors," and dealt in residential properties.

The opinions, attitudes, and practices of these brokers confirm that:

1. Minority families, especially Negroes, face many problems in dealing with realtors — problems that do not arise for their white counterparts;
2. Most brokers will not sell to a nonwhite unless other members of the same race already live in the neighborhood;
3. Many devices and evasions are used to keep all-white neighborhoods intact;
4. Brokers who restrict sales to minorities believe that
 - White residents do not want nonwhites in their neighborhoods;
 - Selling to nonwhites endangers a broker's business reputation and profits;
 - Nonwhite residents depreciate property values.

Realtors Confirm Housing Barriers

Half the 64 brokers interviewed were frank to admit that a Negro would find it difficult to purchase a home in their particular districts in San Francisco. Negro residents were reported in every district except Daly City, but exact numbers and locations were not known. A question was asked about the relative ease of home purchase by all minorities — Chinese, Japanese, Filipino, Mexican and Negro — as compared with white buyers. Only 10 of the 64 brokers thought minorities can buy as easily as whites.

Rentals represent a small part of a broker's business, but 70 percent of those commenting felt that nonwhites trying to rent come up against the same prejudice as those trying to buy. In fact, some

brokers believe renting is even more difficult for Negroes because they are regarded as poor tenants. Some owners will sell to minority people but will not rent to them for fear of losing white tenants.

Half of the brokers placed the responsibility for discrimination on white owners, asserting that the majority will sell only to other whites. Only one broker in five considered his own business practices a factor in restricting housing opportunities for nonwhites. Brokers, they stressed, are agents for the seller and must respect the seller's wishes. Neighborhood opposition and the reluctance of lenders to do business with minorities were also mentioned as difficulties faced by nonwhites.

Will You Sell To Minorities?

Four out of five brokers interviewed will do business with Negroes only on a limited basis, if at all. Americans of Chinese, Japanese, or Filipino descent apparently receive better treatment, but less than half the realty firms covered by this study were ready to give them equal service based on ability to pay.

In answer to the question "Will you sell to minority people?", only one broker in five among the 63 who answered said he would sell to Negroes *wherever they wanted to buy*. Twice as many (two out of five) would sell to Orientals without restriction. The other extreme found one in five brokers who flatly stated they make *no* sales to Negroes, Japanese or Chinese under any conditions.

More than half the brokers placed themselves somewhere between these two positions, selling to nonwhites only under certain conditions—usually only if other nonwhites are already living in the area.

Questions were worded to distinguish between what realtors *said* about their practices and what they *did* in a real situation. As already noted, one in five brokers said they will sell to Negroes, and two in five to Orientals, without reservation. But when asked what they would do if a Negro wanted to buy in an all-white neighborhood in San Francisco, not one of the 62 who answered this question would sell to him. Being the first to sell to a Negro in an all-white area is apparently the strongest taboo in the real estate business. Making a first sale to an Oriental is about as bad; only one broker in ten felt that he could actually do this. Although a small number of brokers interviewed favor a general theory of selling to everyone able to buy, even they hedge when actually confronted with a buyer who is not white.

Keeping the Neighborhood Pattern

There are many ways of keeping the "unwritten rule" about white districts. Sometimes pressures are brought directly into play within the real estate industry. "If they knew I was trying to handle this sale for a Negro in that neighborhood, I'd be blackballed by the real estate industry," a new realtor told us. After placing his "For Sale" sign in front of a Westlake district home, a Negro broker immediately had calls from other brokers dealing in Westlake property who wanted to know, "What do you think you're doing?"

Some observers believe that the real estate agent who operates primarily or exclusively in the white market—and this means most real estate agents—and who bucks the segregationist pattern on his own is risking his very economic life.⁽¹⁾ Certainly some agents and firms have suffered economic and even social punishment for real or supposed infractions of the gentlemen's agreement to keep "normal" segregated patterns. One realtor told us, "We had listed a home in the Multiple Listing Service and another broker sold it to a white stand-in (a front buyer for a nonwhite). Our "Sold" sign was placed on the property and a Filipino moved in. We received 70 calls consisting of threats from the neighbors, petitions from the Neighborhood Association and protests from people I have known for 20 years. I figure that this incident, for which I was not responsible, cost me about \$2,000 in immediate commissions."

Such direct reprimands are probably rare because they aren't usually necessary. Only a few of these brokers violate the understood agreements. Therefore, the rebuffs and rejections are passed on to the prospective buyer who is not white.

The San Francisco Real Estate Board does not sanction such censure, officially or otherwise. A spokesman for the Board stated their position forcefully: "To my knowledge we have never and would never take any type of action against a member for such a matter as this" (Sale to a nonwhite in an all-white district).⁽²⁾

Forty-three of the 64 San Francisco brokers talked freely about other ways of "keeping the neighborhood pattern" all-white. Two-thirds of these 43 said they make up stories or excuses to avoid minority sales. They tell the nonwhite, "Sorry, I find there is a de-

(1) John A. McDermott, "The Housing Industry and the Segregation System," *Journal of Intergroup Relations*, July, 1958.

(2) Letter of January 8, 1960 from Daniel W. Klein, Executive Vice President, San Francisco Real Estate Board.

posit—it was just made this morning,” or, “Your family would not be comfortable in this district. Maybe we can find you a more suitable property.” They may also raise the price quoted originally or say the owner has changed his mind. The remaining third of the brokers interviewed bluntly tell minority shoppers either that they (the broker) or their client (the homeowner) will not sell to them.

What if the homeowner does not give his agent, the broker, any specifications about the race of the buyer? Half the brokers interviewed nevertheless assume that the owner will sell to whites only. Only a few (one in five) say they proceed on the idea that the owner will sell to the highest buyer regardless of race. Of these, most will check with the owner before closing a sale to a nonwhite person.

The owner who doesn't want to discriminate may find pressure coming from his neighbors and from brokers. Of the brokers interviewed, 85 percent try to avoid sales to minorities by advising the seller to limit to white only, or suggesting that he seek the services of another realtor. Some brokers say nothing to the owner; they simply do not show the property to nonwhites.

The extent of prejudice, real or anticipated, is indicated by the number of these San Francisco brokers who advise potential white shoppers about the racial composition of a neighborhood. Sixty of the 63 brokers tell voluntarily what minorities, if any, live in the area. Many said they feel obligated by the ethics of the real estate code to give such information.

How Brokers See Themselves

Fifty-five San Francisco brokers gave their reasons for not selling to a nonwhite in an all-white neighborhood. The reasons, in order of importance, were:

1. Fear of losing business;
2. Bad for business reputation;
3. “It is not ethical”;
4. Depreciation of property values;
5. Consideration for other residents;
6. “We are not pioneering”;
7. Minority families fail to keep up property;
8. “The seller would not approve.”

About two-thirds of these brokers further explained their practices in terms of neighborhood pressures or of the “high-class,” high-income composition of their districts. Some added that even if they

treated all clients alike, nonwhites would have difficulty finding adequate financing in many San Francisco districts. "And," said the head of one real estate firm, "We are *not* in the business of pioneering break-throughs."

Ten brokers said, "These people just don't come to us for housing." When asked why, responses included: "They haven't the money to buy here." "They know they aren't welcome in this district." "They know we don't handle minority sales."

Only one broker in seven considered that his personal feeling was a factor in limiting sales to minorities. Most brokers in this survey consider discrimination to be a necessary business practice. They firmly believe segregated housing accurately reflects the attitudes and wants of the white community. According to one broker: "Our firm has a very fine reputation for *not* doing business with minorities and this is a positive factor for our business in the white neighborhood."

How Brokers View Future Housing Markets

It seems highly significant that 86 percent of the brokers interviewed believe that San Francisco is moving toward an unrestricted housing market. About two out of five think this movement is a slow one, one out of five think it's rapid, and the rest didn't have an opinion on the rate of change.

Forty-three percent feel that an open housing market will make their operations easier, while the others expected no significant change, or else were not concerned about how their business would be affected.

The Real Estate Board

The San Francisco Real Estate Board exerts considerable influence on the housing market since most of the larger and more active real estate offices are members. The Board is a voluntary organization founded by brokers in 1905 to establish rules of conduct among themselves and between brokers and the public. Of some 6000 active licensees (brokers and salesmen) in San Francisco county, 2400 are members of the Real Estate Board. The Board estimates that 15 to 25 members are Negro and 15 to 20 are Oriental.⁽¹⁾

The San Francisco Board is guided by the Code of Ethics of the

(1) Estimates are approximate, as the Board does not designate race, color or creed in its application blanks or files. The number of minority broker members is apparently increasing.

National Association of Real Estate Boards. Prior to 1950, Article 34 of this code read as follows:

A realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individual whose presence will clearly be detrimental to property values in the neighborhood. (emphasis added)

As now revised, the article makes no reference to race, nationality or individual, but the interviews conducted for this study found that most of these realtors interpret the article as though it had not been changed. As one broker said: "It is under this instruction that we feel justified in turning away people who would be undesirable to the community and who would harm values." By "people," he meant nonwhites.

Officers of the Real Estate Board have complimented the Council for Civic Unity for its diligent work to achieve equality, but have added,

"We question any statement that the opportunity to acquire housing on a non-discriminatory basis does not now exist through normal channels.

" . . . The broker is, under the law, an agent for the seller whose property he lists. As an agent the law requires him to submit all offers received to the seller. It is entirely within the concepts of the principles of ownership of private property for an owner to decide whether or not to sell his property, and to whom he shall sell. The real estate broker is obligated to obey the directives of the principal once he has accepted the agency."⁽¹⁾

An able supporter of equal housing rights, who is also an active broker and member of the Board, suggests that the San Francisco Real Estate Board is far ahead of most. "Leadership in this Board," he said, "has helped open new housing possibilities to Negroes and other minorities. It is still tough—for Negroes especially— but the San Francisco Board should be complimented and encouraged."

The Multiple Listing Service

The Multiple Listing Service, Inc., in San Francisco permits realtors throughout the city to exchange lists of property for sale. Only members of the Real Estate Board may use this service. Officially the Multiple Listing Service does not sanction any discrimination. But again, many members consider themselves committed to a "gentlemen's agreement" not to break all-white neighborhood patterns.

(1) Letter dated 3/31/59 from Daniel W. Klein, Exec. Vice President, San Francisco Real Estate Board.

A broker of Chinese ancestry recently resigned from the Listing Service. He told CCU that too many places were not available to him when he presented an offer from one of his clients. He was frequently told by the broker that, "The seller is not willing," "It's just been sold," "Got a better offer," or, "I don't deal with Chinese."

Laws, Regulations and The Future

A recent ruling by California's Attorney General may have a far-reaching effect on the conduct of brokers. This ruling of November 24, 1959, interprets a newly-amended section of the State's Civil Code—prohibiting discrimination in business establishments—as applying to *all* businesses, including the business of real estate brokers and salesmen. Attorney General Mosk stated: "The conclusion is that Section 51 requires all citizens regardless of race, color, religion, or national origin be given the full and equal accommodations, advantages, privileges, and services supplied by real estate brokers and salesmen in regard to selling, transferring, renting, or rental managing." The final interpretation of this now rests with the courts. To date (June 1960) there has been no such court decision.

Another law passed by the 1959 California Legislature (Hawkins Act) makes discrimination illegal in all *publicly-assisted* housing. This includes construction assisted by federal programs of loans insured by the Federal Housing Administration or guaranteed by the Veterans Administration. Both these California laws should contribute much toward curbing discriminatory practices.

In summary, it seems clear that the majority of San Francisco brokers state they are abiding by the wishes of the white residents for whom they act as agents, but their opinions on the future of minority housing indicate that they foresee the day when the question of race will no longer be a serious consideration in their business operations.

"Throughout the country, many new communities have come into existence into which no single Negro has been admitted, by policy of the private builders. In creating thousands of housing developments exclusively for whites, and some scores wholly for nonwhites, the private building industry has done much to intensify racial segregation." *from the Report of the Commission on Race and Housing, Univ. of California Press, 1958, WHERE SHALL WE LIVE.*

Discrimination in Sales of New Housing

Latest population estimates for the nine-county Bay Area place the nonwhite population at about 200,000 or nearly six percent of the 3,700,000 total⁽¹⁾. From 1950 to 1959, some 350,000 new homes were built in this area. At least 60 percent or 200,000 of these were publicly assisted through FHA or VA financing. Yet, according to estimates prepared by Dr. Luigi Laurenti,⁽²⁾ less than 3,000 of the 200,000 (or 1.5 percent) were sold to nonwhite buyers. Half of these were in tracts developed as segregated areas. The other 1500 were mostly non-tract houses in scattered locations. Fewer than 100 nonwhites have been able to buy new houses in tracts open to all qualified buyers, regardless of race.

Dr. Laurenti believes that at least 10,000 of the 60,000 nonwhite families in the Bay Area could meet purchase qualifications for an average FHA or VA tract house. The difference between the 10,000 who could probably qualify and the estimated 3,000 nonwhites who were "permitted to purchase" new homes is one measure of the sales discrimination that faces minority group shoppers.

Conversation With Seven Major Builders

With this general picture in hand, we talked with seven builders; one in San Francisco and six on the Peninsula. (San Francisco doesn't have many large-scale builders—land is so scarce and the new home market is mainly in the suburbs.) Their ideas concerning nonwhites were almost identical to those of most brokers, and their fears seem to be the same:

- Whites will not live near nonwhites;

(1) See Appendix II for more detailed population and birth statistics.

(2) In a letter to Assemblyman Augustus Hawkins of the California Legislature, May 9, 1959.

- Selling to a nonwhite would hurt business;
- Such sales would betray white owners by threatening the value of houses built and sold to them.

In addition, builders stressed another, more tangible problem: Both land and financing are hard to get for integrated housing.

The spokesmen for several of these firms are, or have been, leaders in regional or national associations of home builders. All are top management: four presidents, two vice-presidents, and one sales manager. At the time of the survey none had any experience in building for nonwhite buyers. Apparently none had considered selling homes to nonwhites on an open occupancy basis and on the same terms as for white buyers.

These seven builders construct a substantial share of the new houses in the Bay Area. The price range is wide: from \$11,000 to a few as high as \$45,000. Six of the firms build from 40 to 75 percent of their houses under loans from the Veterans Administration. All reported home loans insured by the Federal Housing Administration ranging from about five percent of the houses for two builders to nearly 100 percent for another.

"Why I Don't Sell To Minorities"

In explaining why the houses his firm builds are sold only to whites, one executive gave these reasons:

1. Resistance from white homeowners. ("You can't force neighbors on them they don't want.")
2. Risk of future sales. ("The first time you sell to Negroes you might just as well forget selling the rest of the tract at all. And I can't eat houses.")
3. Fear of flood of nonwhite shoppers who aren't qualified buyers, yet take up much sales staff time. ("There just aren't enough Negroes who can afford to buy.")
4. Difficulty in getting land. ("There's no place in the Bay Area where you could get a tract for Negroes zoned through the local government bodies.")
5. Loss of future building sites. ("Build for Negroes and you would be through so far as getting any more tracts approved by planning commissions.")

This executive feels that other builders might not object if one of their number broke the established practice, but "they would sure

help pass the word around, and even if the builders didn't object the customers who heard about it would."

In his opinion, minority people aren't good risks and don't keep up property: "The majority of Negroes are poor credit risks and have no feeling of ownership. Orientals often have a heritage of ownership and some understanding of what it brings." Asked about Mexican-Americans, he replied, "You can't generalize."

Another builder in the \$15,000 to \$30,000 range believes Negroes are "*the* problem," although in practice he does not sell to Orientals either. He thinks segregation is a two-way street and that the "natural" colored people do not want white neighbors. He says his firm has no demand from minority buyers, but that if a financially qualified Negro or Oriental applied, "it would be a matter of ethics" to refuse them. "You see," he said, "I'm responsible to the others to whom I have already sold homes on the basis of an exclusive neighborhood. I would feel traitorous unless they all assured me in advance they wouldn't move out or blacklist me."

Throughout the interviews it became apparent that, when confronted by a minority shopper, builder's representatives use about the same devices as brokers to put them off. First they try to avoid the situation. If this isn't possible, then there are the evasive tactics. Finally, if the potential buyer persists, "I would be forced to tell him I wouldn't sell the house."

Building in Redeveloped Areas

According to testimony given to the San Francisco Grand Jury in November 1959 by the Director of the Redevelopment Agency, two factors delaying the redevelopment program are racial discrimination and lack of housing for low-income families.

Urban renewal programs seek to remedy the city's housing blight, but also create immediate housing needs, especially for minorities. The areas which are being torn down are mainly occupied by non-white people. For example, 8,000 persons lived in the 42 acres of the Western Addition redevelopment site. Eighty percent of those relocated by the San Francisco Redevelopment Agency were nonwhite. Scarcity of low-income rentals, plus discrimination, have forced many of these families to double up in tenements on the fringes of the cleared areas in housing nearly as old as that being demolished. In some blocks near the redevelopment site, 41 percent of all dwelling units are conversions. The Director of San Francisco's Urban

Renewal Division reports that 8,979 buildings in the city contain 17,065 nonpermitted converted dwelling units. It is obvious that new blighted areas are being created on a massive scale.

In locating dwelling units for people displaced by the urban renewal program, the Redevelopment Agency ran into race discrimination. At the time Attorney General Mosk ordered the agency to cease accepting discriminatory listings, there were 65 vacancies listed with the agency, only five of which were available to nonwhites. Three housing workers from the agency subsequently turned up 425 rental vacancies, of which only 15 were offered on a non-discriminatory basis—and only eight of these met the agency's standards.

The urgency of the problem was emphasized by James R. McCarthy, Director of Planning for the City and County of San Francisco, and James Keilty, Chief of the Master Plan and Urban Renewal Section in the Department of City Planning, when they wrote in April 1960:

"... the social purposes of redevelopment are not really being accomplished when, as here, the displaced have no place to go but into the next block. The next ten years will be crucial for the program of redevelopment and renewal, and the problems involved are not just city-sized but bring in, in one way or another, the whole region. Attitudes toward racial minorities, certainly as regards housing, will require some changing outside as well as inside the city, if the program is to continue much beyond the three major projects San Francisco is undertaking at present."⁽¹⁾

In 1949, the San Francisco Board of Supervisors ruled that any units built in redevelopment areas must be offered equally to all, with ability to pay the only qualification. Builders interviewed by CCU were asked whether they planned housing for sale or rent under this requirement. This response was typical: "I wouldn't do it. If I am going to risk my own time and money I should be able to sell to whom I please. If others buy the land with that understanding (of the policy of open occupancy), I am sure they will abide by it. The problem is solved for them with no repercussions, as the city has established the policy, not they. There will be takers for the land, but not me."

Some Suggested Solutions By Builders

One of the seven building firm executives believes that the solution to the housing shortage is for minorities to build for themselves: "The

(1) James R. McCarthy and James Keilty, "A Changing San Francisco," *Bulletin*, Northern California Chapter, American Institute of Architects, April 1960, pp. 10-15.

small builder can buy marginal lots in areas already designated for Negro use. He can then 'lot jump,' that is, build on one lot, sell that house and then build on another lot some distance away."

This procedure could, of course, be used by only a fraction of minority people—the nonwhite who can afford a new custom house. Those who can't would have to move into old houses vacated by whites on the edge of segregated areas. So this builder's suggestion would in fact support and expand the segregated districts in the city.

Another spokesman saw the problem in terms of educating the public to accept integrated neighborhoods. This would free builders from the social and economic pressures and they would then gladly build for the open market.

"Your problem," he said, "is one of educating the homeowner in what were once restricted areas to the infiltration of other groups. It's a matter of public acceptance. A builder can't force people to think in a way that is different from the whole point of view of generations. A builder is as glad to make money selling to a dark man as a light one. I would welcome the opportunity to build for colored if I could get the financing and land and not be run out of town for doing it. In fact, I have had many conferences with Negro leaders to see what could be done about it."

The Organized Builders

Official spokesmen for the organized builders in San Francisco seem to accept segregated housing as "normal" and necessary. In 1958, one of California's largest house-builders resigned from the Associated Home Builders of San Francisco because of this policy—or more accurately because of the lack of a forthright policy against discrimination.

The incident was prompted by a Sacramento Superior Court decision in June 1958, that builders obtaining FHA or VA financing cannot refuse to sell to minorities. The Association's Executive Vice President quickly took issue with the decision and was publicly quoted as saying:

"It is natural that a builder would protect himself and his investment" (through discrimination), and "it is generally-accepted theory that minority races depreciate property values. There may be no statistics to prove that, but as the representative of home builders it is the theory under which I operate."

Joseph L. Eichler of Eichler Homes, Inc., immediately asked that the Association issue a "forthright" renunciation of racial discrimination in housing tracts. He said he would resign if such a statement were not made by July 1. It wasn't, and on July 1 Mr. Eichler resigned. His letter to the Association was released to the press the next day:

"Our experience proves your statements (that minorities depreciate property values) to be untrue. . . . I wish to emphatically state that my firm, Eichler Homes, Inc., in no way practices any kind of discrimination. The only standard we use to qualify a person for a house is that he has the financial qualifications and that, in our opinion, he will make a good neighbor."

Later, a newsman asked Mr. Eichler, "Have property values declined where you have sold to minority race buyers?" "On the contrary," he answered, "They've increased. Of course, part of this is attributable to price inflation, but I believe that people who buy our homes are of the type who want to keep up their property, and that goes whether the owner is white, yellow, black or any color."

The Organized Homeowners

In many tract communities there are organized homeowners associations, the announced function of which is to maintain certain standards in conduct and upkeep. Only one executive contacted in our survey was willing to discuss the complete role of these associations formed by builders for each new tract. At first, the membership committee of the association is handled at company headquarters by "our own people, who organize the corporation of homeowners." When approximately 85 to 90 percent of the houses are sold, the association is turned over to the owners. Before anyone may purchase a home in the tract, either on original sale or resale, he must be an association member. However, the membership committee carefully screens out any prospective occupants who are considered undesirable. The implications of this device as a tool for racial discrimination are obvious.

Pressures are more direct in some San Francisco districts. The "Declaration of Restrictions" of Midtown Terrace states that the eight neighbors nearest to a home sold or rented to a non-Caucasian may bring legal action to collect \$2000 in damages from the person who sold or leased the home. This document is on file at the City Recorder's office.

The Supreme Court has ruled that such racial restrictive covenants cannot be enforced by a suit for damages. That is, if someone living in Midtown Terrace sells his house to a nonwhite none of his neighbors can bring legal suit for damages against him. Still, even though these restrictions can't be legally enforced, they frequently intimidate the unknowing house buyer.

The largest suburban tract in the Bay Area has a clause in its restrictions requiring the prospective buyer to first join the Association, and permits him to sell only to another member. Nonwhites are carefully excluded from membership.

Recently a buyer was writing a check for a down payment on a house in this large tract. He asked about the additional payment "for the Association" and was told it helped keep up property standards, made street improvements and even put up a bus stop. "And another thing," the salesman added, "No Negro, Jap or Chinaman can ever get in here—the Association sees to that."

A white homeowner in a suburban community just outside San Francisco—built by one of the builders interviewed—described a meeting of the property owners association he attended. A question was raised about an Oriental family which had inquired about a house for sale by a resident of the tract. An executive from the building firm warned them that to permit nonwhites in the tract would depress property values. "Further," he said, "would you want Negroes moving in as neighbors?"

Here again, in subtle ways that violate no existing law, nonwhite families are excluded from buying or renting new housing in the San Francisco area.

Employment and Housing — A Contrast in Attitudes

Interestingly, builders' ideas about employment are quite different from their ideas about housing. So, apparently, are their practices. As to hiring without regard to race, one executive saw "no problem *there*. Businessmen want to hire whoever can do the job best." Several other builders interviewed claimed, with some pride, a non-discriminatory employment policy while readily admitting and in some cases defending segregated housing. Both positions were regarded as supporting the prevailing attitudes in the community. A builder might even be expected to hire a qualified nonwhite carpenter, but there would be much opposition if the carpenter bought one of the houses he helped build.

Another builder who does not and would not sell to minorities pointed to job application forms: "There are no questions about race, color or national origin, as we hire by skills and on merit. The only question asked of our 300 people is whether they can do the job."

Negroes, Chinese, and Mexicans are employed by this firm in a number of skilled and unskilled jobs. The line is still drawn at white-collar jobs, but this, too, is changing. With a State Fair Employment Practices law now in effect, more opportunities will come to people of different races to discover each other as individuals on the job.

"The evidence is abundantly clear that private sources of finance for housing have been one of the most consistent and effective foes of racially democratic housing." *Robert C. Weaver, THE NEGRO GHETTO (New York: Harcourt, Brace and Co., 1948, p. 319).*

"Money is Hard to Find"

What are the prospects in San Francisco for minority buyers who need mortgage money? Builders told us that a major barrier to building for nonwhites is the improbability that lenders would finance the houses if sales were made. Interviews were conducted with officers of ten major mortgage firms in San Francisco, including three banks, three life insurance companies, two savings and loan associations and two mortgage companies.

On the surface it appears that customary finance sources are available to nonwhites if their credit rating is satisfactory—all ten lenders interviewed made this claim. Further questions revealed an important qualification: the loan often depended on whether property was in an "approved" neighborhood. This usually means a neighborhood where other nonwhites are already living.

These lenders were as concerned as the brokers and builders that the solid white neighborhood patterns be kept and for basically similar reasons:

1. None of the ten would lend money to a "first-entry" minority in an all-white district;
2. Six said that entry of nonwhites made loans to white borrowers more difficult;
3. Eight spokesmen were sure that their depositors and policy holders would threaten to, or actually would, withdraw their accounts if loans were made to first-entry nonwhites;
4. Three feared property values would drop, which would then jeopardize mortgages they held on other nearby properties;
5. Four stated their belief that nonwhites are questionable borrowers because they are poor credit risks, lack savings, and have only uncertain employment.

Again, Experience Contradicts Expectations

We have heard representative spokesmen for the various private housing sectors—realtors, builders, and lenders—stress "business

considerations" as a reason for excluding nonwhites from major portions of the housing market. They *believe* it's "bad business" to sell to, build for, or make a loan to the first nonwhite in an all-white area.

Yet the *experience* of these lenders—like that of some realtors and builders—refutes their general attitudes as expressed in interviews. For example, eight of the ten firms had done some business with minority people and all eight spoke highly of the credit rating of *these particular borrowers*. But four of these lenders, when questioned earlier in the interview, *said* the insecure credit rating of nonwhites limited loans to them.

These same eight lenders all rated their particular minority borrowers as satisfactory in maintaining property. On the other hand, their organizations view "racial encroachment" as a negative factor in the mortgage business because of adverse neighborhood reaction.

The Voluntary Home Mortgage Credit Program

The Voluntary Home Mortgage Credit Program (VHMCP) is a federal activity that helps make mortgage money available to people in small communities, *and to minority people in any area* who have not been able to get a loan. It depends upon the voluntary cooperation of private lending agencies.

In the four years since this program began, there have been 277 applications in San Francisco County. All were by minority people, and 98 percent were Negro. Of these, 116 received loans—about 30 a year in this county.

That VHMCP has received such a relatively small number of applications may be due to lending practices, the time involved in processing such loans, lack of knowledge about its services, or to a combination of these factors. More than half the applications are rejected for one of the following reasons:

1. Applicant's income considered insufficient by lender;
2. Not enough cash to cover down payment and closing costs;
3. Property failed to meet requirements of lending agency⁽¹⁾;
4. Applicant's credit record unsatisfactory.

The VHMCP office in San Francisco estimates that perhaps 60 to 70 percent of the realtors who sell to minorities know about the program and mention its services to loan applicants. The local office is at 989 Market Street, Room 203.

(1) The inability to find adequate home financing forces nonwhites to pay a larger down payment than would be required from a white buyer. Also, nonwhites may find themselves confined to old houses in old sections of the city where lenders are reluctant to finance buildings.

The Role of the Federal Housing Administration

The Federal Housing Administration (FHA) has often been criticized for its implicit support of housing discrimination. In fact, as we have pointed out elsewhere in this pamphlet, many thousands of houses which have been underwritten by FHA have been closed to nonwhites because of discriminatory action by builders, brokers, lenders, and owners.

FHA does not lend money. Rather, it insures the loans which most people need to buy or build homes. According to an official of the Administration, "The FHA has been gradually undergoing a basic shift in its position on this problem (segregation). . . . Most important, the FHA has declared that equal opportunity in housing is now a basic goal toward which it is pledged to strive by all the proper means at its disposal." To this end, four important policies have been developed by FHA:

1. A ban on restrictive covenants.
2. A pledge to promote open-occupancy projects.
3. A pledge to dispose of repossessed properties on a non-discriminatory basis.
4. A policy of cooperating with states and cities which, like California, have fair housing laws.⁽¹⁾

This FHA official went on to say that "those builders or businessmen who fail to obey the fair housing laws risk the loss of their eligibility to do further business with FHA. In other words, FHA will not cooperate, will not do business with, those who violate the community's official standard of non-discrimination."⁽²⁾

Under the California law, action against a violator requires that a complaint be filed by the injured person. He may receive damages up to \$500, plus court costs, upon satisfactory proof in court of actual discrimination. If a violation is proved, the FHA will suspend all further applications of the firm involved until it complies with the law.

The California Veteran's program is another factor in the finance picture. Cal-Vet is financed through funds from the sale of State bonds as authorized by the Legislature and the voters. These funds are loaned to veterans for the purchase of a home or farm. The money is repaid by the veteran in much the same manner as any other real estate loan.

(1) Enacted by the 1959 Legislature, the California law (see Appendix IV) prohibits discrimination in the sale, rental or lease of any publicly-assisted housing of five or more units built as a group.

(2) Quoted in a speech by John A. McDermott, Specialist in Intergroup Relations for FHA, at a Council for Civic Unity conference, San Francisco, November 14, 1959.

Joseph M. Farber, State Director of Veteran's Affairs, has issued this statement:

"It is the policy of this department not to inquire into any veteran's race, color, or creed in determining his eligibility for a Cal-Vet loan or any of the other Cal-Vet benefits."

On the other hand, the Cal-Vet program has not yet followed the example of FHA and VA in refusing further dealings with builders who violate California's anti-discrimination laws relating to housing. *Are Lending Policies Changing?*

In the opinion of John G. Anderson, Regional Executive Secretary of VHMCP, lending policies of finance firms are now more favorable to nonwhites than before World War II. The improvement varies according to where the applicant wants to buy, but only a few lenders in the Bay Area will make a loan to the first nonwhite in a white neighborhood. He states that most loans arranged under the federal program are made by life insurance companies.

The president of a Negro-operated savings and loan company also finds evidence that insurance companies tend to be more liberal than banks or savings and loan companies. He has witnessed "a small but negligible change in the practices of lending institutions toward nonwhites. They still do not make initial loans, except for a few well-known persons such as baseball star Willie Mays. Sometimes they will take over existing loans. They are more likely to make loans when nonwhites are already in the area."

A Negro realtor explains that where savings and loan institutions have set up branch offices in neighborhoods that are nonwhite or rapidly becoming so, the nonwhite may have little difficulty qualifying for a loan. In fact, he might have savings banked there. However, "for the nonwhite who could qualify for a home in another area that is predominantly white, the institution would take a different approach. In other words, where he may qualify for the Bayview or Ingleside districts where nonwhites already live, he would not qualify for Sunset or Parkside districts which are almost entirely white. This practice operates more in the GI, FHA and Cal-Vet programs than in the regular savings and loan associations."

In commenting on lending policies another realtor reports "a relaxed attitude of tolerance toward nonwhite buyers who buy in white or changing neighborhoods." Another believes there is a somewhat

more intelligent approach: more attention is being given to qualifications instead of to race, religion or color.

Opinions of twelve realtors who do business with minorities were about evenly divided as to whether it is more or less difficult for non-whites to find loan money in the open market now than in the past five years. Some thought loans had eased more for Orientals than for Negroes.

"San Francisco presents a real paradox. On the one hand, I find that I am well accepted socially, in theatres, restaurants, night clubs and the like. On the other hand, I have encountered strong discrimination in housing and have heard the same for employment. Believe me, when you look for an apartment here it is not who you are but what you are that counts." *Negro sociologist speaking on the Council for Civic Unity's television program, "The Paradox," February 1960.*

The Rental Picture

Renting in San Francisco is even more difficult for nonwhites than buying a home. In November 1959, CCU researchers telephoned in response to more than 200 For Rent ads in San Francisco's newspapers. Of the 117 apartments that were not yet rented, only two were available to a Negro and these were in districts where Negroes were already living.

To begin with, San Francisco has a very tight rental market. In 1959, an average of only 1.4 percent of the city's units were vacant compared to the 5 percent vacancy ratio encountered in many cities. In this highly competitive market, nonwhite people are forced to take the leftovers in old, run-down neighborhoods, no matter how much they can afford to pay.

The Council for Civic Unity receives complaints each week from nonwhites seeking rentals in decent neighborhoods. Some have been looking for months without results: "Landlords shut the door in my face." "Agencies carry two listings, one for whites and another for colored, and the apartments for colored are always in colored neighborhoods." "They ask over the phone if you are white and they say they are sorry, but . . ."

Some Personal Experiences

Miss S., a young Negro professional woman, tells of her search for a place to live:

"I was looking for a small furnished flat. I had heard that racial restrictions were rather broad in San Francisco, but I proceeded in my usual fashion, checking the ads and phoning those places that sounded interesting.

"My introduction to racial restrictions was immediate. The first number I called was for a flat in the 1300 block on Clay Street. After a most pleasant conversation with the landlady I

went by to see the flat. She was obviously surprised to see a colored person. She said that although she herself was not prejudiced, her other tenants would object. She regretted she could not rent to me.

"From that point on I asked over the phone whether or not there were any objections to colored tenants. During a three-week period I made about 14 such calls. Eleven of these said they could not take colored people. Some were very abrupt, but others gave the objection of other tenants as the reason, and one or two sounded genuinely sorry.

"One of these was a Canadian woman, who recognized my accent as being Canadian. She was very friendly until I told her I was colored. She explained that her husband was an American—from South Carolina—and she was genuinely ashamed to have to say no, but it would only lead to domestic friction if she rented to me.

"I went to see the other places that had no objections but for the most part they were either too small, shoddy, or in unpleasant surroundings.

"Eventually I mentioned to a Negro friend of mine that I was flat-hunting. He is with a Negro real estate firm and within two days found me a flat owned by a Negro in a very pleasant, marginal neighborhood."

Another man came to our town to work for a prominent national foundation. He is Negro, in his early thirties, well-educated, and has lectured overseas for the United States State Department. He reported his experiences in searching for an apartment in the \$100 to \$115 price range, if possible on Nob Hill or in the Telegraph Hill area.

After checking the newspaper ads, he went to a rental agency in the Marina district. The woman in charge of the office asked, "Are you a Mexican?" He replied that he was Negro and was told, "Sorry I can't help, but we don't get such listings. Unless the landlords specify they will accept Negroes, we don't refer them."

He then called a woman who advertised an apartment on Russian Hill. "No," she said, "it's not rented." He went immediately to the address and while he was looking at the apartment the telephone rang and the woman, after a brief conversation in another room, returned to say, "Sorry, but Mr. Johnson is renting the apartment." Yet the same advertisement continued to run for several days afterward because the apartment was still available.

When he asked about an apartment house in the 1900 block on Leavenworth which had a "For Rent" sign in the window, the man-

ager said all apartments were now rented. When asked why the signs were still up, she said this was an oversight. A telephone call later in the day confirmed that the apartment was still vacant. For the next two weeks, apartments at the same location were still advertised in the price range the young man could pay.

Rental Survey Teams and What They Found

In December 1959, members of the Social Welfare Club at San Francisco State College conducted a survey of discriminatory practices by landlords in four neighborhoods: Marina, Pacific Heights, Richmond, and Sunset. They chose apartments listed in newspapers in a range from \$65 to \$300. Some were in blocks where nonwhites reside. A Negro couple answered the ad in person, followed a short time later by a white couple. The purpose was to determine if there would be a difference in the reception and treatment of the two couples.

Eleven apartments were visited. The Negro couple found that all apartments were either not available or were offered at a price much higher than to the white couple. The white couple was shown each apartment and assured that it would be available to them if they wished.⁽¹⁾

(1) See Appendix III for a summary.

\$65—3 rm. Orientals welc. Children welc. No fee. HE. 1-1811.

\$60—2 rm studio. Stv., refrig. Adlts., white, no pets. FI.6-9156

\$80—Modn. 3 rms. Sunny, clean. Stove, refrig. Good transport. Adults. White. Royal Court Apts. 940 Hayes near Steiner

"Some of the effects [of segregation] can be seen with the eye, some can be shown by statistics, some can be measured only in the mind and heart." *From the Report of the United States Commission on Civil Rights, 1959: WITH LIBERTY AND JUSTICE FOR ALL.*

We have attempted to measure the dimensions of discrimination in housing in San Francisco and to understand its workings. The survey confirms what is already known by the minorities themselves: they are greatly restricted in their choice of where they can live in San Francisco, even when they can meet the same qualifications applied to other buyers or renters.

The causes are many and complex and operate on several levels. On the surface there are the reasons readily discussed. Some of these may have a basis in fact, others are simply excuses for justifying an act or attitude. Underneath may lie deeply-ingrained dislikes, produced by generations of segregation and denial. Basically, discrimination is a sign of fear, often irrational and undefined.

To summarize, we find that:

1. *There is strong resistance in the housing industry to selling, renting, building for, or loaning money to the first nonwhite in an all-white district.* When a neighborhood becomes mixed, resistance usually diminishes, but rarely disappears until there are quite a number of nonwhite residents. Renting is even more difficult than buying, both in mixed and white neighborhoods.

2. *The opinion that nonwhite neighbors cause house prices to drop is widely held by property owners, brokers, builders, and lenders.* But . . . This opinion is not borne out in actual experience. House prices have increased in many integrated areas. White owners may themselves cause prices to drop temporarily if they are frightened into panic sales.

3. *Segregation is most often justified as an economic necessity by realtors, builders, and finance institutions.* Economic pressures do exist within and outside the industry: Whites may occasionally carry out the threat to take business elsewhere. Brokers have been pressured for breaking the "pattern". Builders have been harassed by opponents of open housing.

4. *Associations of tract homeowners, usually set up by the builders, exert both subtle and direct pressures to maintain all-white districts.* Of the many devices for keeping the nonwhite out, few if any are enforceable by law. Yet they can and do intimidate those ignorant of the facts.

5. *Housing discrimination runs in a circle.* Those who help to create segregation point to each other to explain why they themselves must continue to discriminate.

6. *The power centers in housing—brokers, builders, and lenders—help maintain and perpetuate segregation.* However, a few individuals in these industries are conscientiously trying to open more housing to minorities on equal footing.

7. *Public agencies have long acquiesced to segregation in housing built with the assistance of public funds.* The recent announcement by an official of FHA that it will carefully comply with California's new fair housing law is most encouraging.

8. *New laws to prevent discrimination in publicly-assisted housing and by real estate brokers should do much to diminish discrimination.*⁽¹⁾ However, their effectiveness depends upon individual citizens to carry them out by initiating legal action.

9. *Employment attitudes and practices are more liberal than those concerning housing—at least among some builders and some finance institutions.*

Most white people do not comprehend that they too are hit by the many high costs of segregation. First of all, there is a heavy psychological toll whenever the needs of fellow human beings are evaded or denied. Second, if whites decide they must move away, they incur the money costs of moving. Third, on a broader scale, there is the economic cost of the rapid physical deterioration of houses brought about by the overcrowding that segregation fosters—an overcrowding that usually creates slums in much of the city's central core. Fourth, to all this must be added the weighty social costs of group tensions, delinquency and crime which breed and grow in overcrowded neighborhoods. These are very real costs that sooner or later drain the pocket-book of every taxpayer.

Time and again the guilt feelings of the persons interviewed in this survey emerged in the form of rationalization or apology, and occasionally, belligerence. Few would openly admit personal prejudice.

(1) See Appendix IV.

The ideals of equality inherent in the great religions and philosophies and expressed by the United States Constitution may be suppressed but are not forgotten. This awareness is, we feel, a hopeful sign that San Francisco will one day live up to its claim of being a truly cosmopolitan city.

Appendix I

CCU's Housing Opportunities Program

In May 1959, the San Francisco Council for Civic Unity established a Housing Opportunities Program to help minority group families find housing of their own choice in areas where this right is now denied.

The service has been publicized to all San Francisco real estate brokers and salesmen and hundreds of churches and organizations. Owners, landlords, and real estate brokers are invited to list their properties with HOP for sale or rent without discrimination. A minority family or individual seeking housing is given a list of those houses or apartments that meet his specifications.

The service is meant to supplement, not replace, existing real estate channels. The seller may list both with HOP and his broker. The use of licensed brokers or attorneys is recommended at all times. CCU does not have the resources to inspect properties listed, nor does it investigate those who seek housing assistance. Further, CCU has no financial interest in any property listed and receives no compensation for its services.

There are two aspects to HOP: a *listing service* and an *educational program* to broaden the use of the service. CCU staff helps to organize neighborhood meetings to discuss and encourage cooperation and to offer consultation and advice. Speakers, films, and written materials are provided. Counseling by telephone and in person is available from the staff. An advisory committee has been formed to deal with special problems and to develop public relations and community contacts. Similar efforts around the Bay Area can look to HOP for advice and assistance.

Public reaction has generally been most favorable. Governor Brown and Mayor Christopher have both endorsed the program. Three of the four San Francisco daily newspapers lauded HOP editorially. The Real Estate Board commended CCU, but doubted that housing was not available through "normal commercial channels." As of June 1960, some 159 listings have been handled, and HOP's help in finding an apartment or house has been sought by 251 minority persons. Twenty five applicants were helped in one way or another to find housing to fit their needs.

Listing your property with the Housing Opportunities Program and asking your friends and neighbors to do the same will help make the right to housing of their choice a reality to more San Franciscans.

Appendix II / Table 1

Percent Distribution by Race of Resident Births in San Francisco: 1948, 1953, 1958			
POPULATION GROUP	1948	1953	1958
Total Resident Births	16,144	15,364	15,104
Percentage Distribution			
White	85	79	73
Nonwhite	15	21	27
Negro	8	12	16
Chinese	5	6	6
Other (Japanese, Filipino, etc.)	2	3	5
Total	100	100	100

Source: Based on data from the San Francisco Department of Public Health, *Statistical Report 1959*. The total number of resident births for 1948 was obtained from the San Francisco Unified School District, Bureau of Research, Spring 1957 memorandum, "Relation of Resident Births in San Francisco to First Grade Enrollment Six Years Later."

Appendix II / Table 2

Number and Percent Distribution of White, Negro, Chinese, Japanese, and other Nonwhite Population in San Francisco: 1940, 1950 and 1958.

POPULATION GROUP	PERCENTAGES IN PARENTHESIS		
	1940	1950	1958
Total Population	634,536 (100.0)	775,357 (100.0)	791,000 (100.0)
White	602,701 (95.0)	693,888 (89.5)	688,000 (87.0)
Nonwhite	31,835 (5.0)	81,469 (10.5)	103,100 (13.0)
Negro	4,846 (0.8)	43,502 (5.6)	55,200 (7.0)
Chinese	18,000 (2.8)	24,813 (3.2)	32,000 (4.0)
Japanese	5,300 (0.8)	5,579 (0.7)	7,500 (0.9)
Other nonwhite	3,689 (0.6)	7,575 (1.0)	8,400 (1.1)

Source: 1940 and 1950 data are from the U.S. Census reports. For 1958, the total population is the estimate as of July 1, 1958 by the California State Department of Finance. Negro and other nonwhite population figures for 1958 are estimates by the San Francisco Department of Public Health, *Statistical Report 1959*, p. 1.

Appendix II / Table 3

Estimated Total Population of Counties in the San Francisco-Oakland Metropolitan Area and of California: March 1, 1950 and July 1, 1959

AREA	TOTAL POPULATION		INCREASE: 1950-59	
	4/1/50	7/1/59	NUMBER	PERCENT
San Francisco-Oakland Metropolitan Region	2,240,767	2,767,000	526,233	19.0
Counties				
San Francisco	775,357	790,700	15,300	2.0
Alameda	740,315	899,200	158,900	21.5
Marin	85,619	144,600	59,000	68.9
Contra Costa	298,984	382,200	83,200	27.8
Solano	104,833	131,400	26,600	25.4
San Mateo	235,659	418,900	183,200	77.7
California	10,586,223	15,280,000	4,694,000	44.3

Source: Based on data from *California's Population in 1959*, California State Department of Finance, August, 1959, pp. 10-12.

Appendix III

In December 1959, students from the Social Welfare Club of San Francisco State College conducted a survey of apartments advertised in daily newspapers to ascertain if there would be a difference in treatment accorded Negro and white couples. The procedure was for the Negro couple to inquire in person about the apartment advertised. A few minutes after they had left the white couple followed. Eleven apartments were visited in all. The results are summarized below.

BUILDING AND RENT	NEGRO COUPLE	CAUCASIAN COUPLE
27— <i>Lombard</i> \$80 to whites \$90 to Negroes	manager said had just been rented and she hadn't had a chance to take sign out of window	accepted
28— <i>Greenwich</i> \$165-250 to whites \$300 to Negroes	told \$165 gone—all left cost \$10 a day	told only one bedroom left—\$165 and up to \$250 depending on view and location
32— <i>Laguna</i> \$115	rejected—told it had just been rented	accepted—very polite and cordial
22— <i>Pacific</i> \$140 to whites \$250 to Negroes	told price was \$250—referred to rental agencies	accepted at \$140—very helpful
22— <i>Pacific</i> \$200	asked for reference—skeptical—would not give her name	accepted—no references asked for—could move in right away—gave card with her name
18— <i>23rd Avenue</i>	refused to open door	accepted
26— <i>Hyde</i> \$125 and \$190 to whites \$190 to Negroes	\$125 apartment was taken —\$190 apartment available with \$50 deposit	offered \$125 apartment next week, \$190 available immediately—no deposit required
18— <i>Clay</i> \$140	already rented	accepted
11— <i>Hyde</i> \$85.00	not available—said deposit already accepted	accepted—available immediately—no deposit
15— <i>Sacramento</i> \$85	heard us outside but couldn't see us—told us to come up—once up and she saw us, place was suddenly rented	accepted—lady said "No Negroes, Chinese, Japanese or other undesirables"
28— <i>Sacramento</i> \$125	saw caretaker who doesn't handle renting—referred to real estate office handling the building	saw caretaker—referred to real estate office. Told us that Negroes had just been to see the apartment but the real estate office doesn't rent to Negroes

Appendix IV

MAJOR LAWS AND COURT DECISIONS AFFECTING EQUALITY IN HOUSING

Laws—City and County of San Francisco

1. Resolution No. 8669, adopted by Board of Supervisors in 1949, prohibits discrimination or segregation in urban redevelopment undertakings.
2. Resolutions Nos. 9268 and 10352, adopted by Board of Supervisors in 1949 and 1950, prohibit discrimination and segregation in all public housing projects or developments.

Laws—State of California

1. *Fair Housing Act of 1959 (Hawkins Act)*. This law makes illegal any discrimination in sale or rental of publicly-assisted housing, or asking prospective tenants their race or religion. Publicly-assisted housing is defined as having FHA or VA loan aid, or otherwise aided by government funds. It covers dwellings of three or more families and sale of five or more houses on land whose boundaries are adjacent. Enforcement is through court action for injunction and/or civil damages amounting to not less than \$500. (Calif. Health and Safety Code, Div. 24, Section 35700.)⁽¹⁾
2. *Civil Rights Act of 1959 (Unruh Act)*. Strengthens present law against discrimination in public accommodations to cover "all business establishments of every kind whatsoever." Increases penalties to provide actual damages sustained, plus \$250. The Attorney General has specifically ruled that "business establishments" includes real estate brokers and salesmen, but this interpretation is still to be finally settled by the courts.⁽¹⁾ (Calif. Civil Code, Section 51-52).
3. *Community Redevelopment Law, 1951* contains a clause prohibiting discrimination in redevelopment or urban renewal projects. (Calif. Health and Safety Code, Section 33,000-33,985). California's Attorney General has ruled that redevelopment agencies may not accept discriminatory listings. (Vol. 34, Opinions of California Attorney General, p. 1).

Court Decisions:

1. *Shelley v. Kraemer, 1945*, rules that restrictive housing covenants excluding persons on the basis of race are ineffective and unenforceable. (334 U.S. 1—1948)
2. *Barrows v. Jackson, 1951*, rules that a racial restrictive covenant cannot be enforced by a suit for damages. Thus, an individual who sues another, because the latter sold to a nonwhite, cannot collect damages. (346 U.S. 249—1953.)
3. *Banks v. San Francisco Housing Authority, 1953*, declares that public housing facilities may not be restricted on the basis of race. (120 Cal. App. 2d 1,260 p.2d 668-1953, cert. denied, 347 U.S. 974—1954.)
4. *Ming v. Horgan, 1958*, prohibits discrimination in the sale of FHA or VA assisted tract housing. (3 R.R.L.R. 693—Cal. Super. Ct. 1958.)

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Voluntary Home Mortgage Credit Program (regional office)

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THE COUNCIL FOR CIVIC UNITY, a voluntary association, seeks to:

- promote equality of right and opportunity free from racial or religious discrimination;
- remedy restrictive practices affecting minority groups and individuals;
- improve intergroup relations, with special attention to main sources of misunderstanding, injustice, and tension; and so
- build a better community for all, buttress the Constitution, and strengthen the Nation.

CCU PROGRAM includes extensive public information-education; research; speaking, consultation, planning, and trouble-shooting services; and development of programs to improve various community practices having important implications for civil rights and intergroup relations. Liaison is maintained with organizations holding similar objectives. To the extent possible, CCU also services other Bay Area communities.

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